NPA Norms for Agricultural Finance

717. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India has refixed NPA norms for agricultural finance;

(b) whether it is also a fact that the Monetary and Credit Policy statement for 2004-05 asked the banks to waive off the security requirements of agricultural loans up to Rs. 50,000; and

(c) if so, in what manner it would help agriculturists to imporve their productivity and get better results?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) In order to align the repayment dates of agricultural loans with harvesting of crops, Reserve Bank of India (RBI) has advised all scheduled commercial banks on June 24, 2004 that with effect from September 30, 2004, the following revised Non-Performing Asset (NPA) norms will be applicable to all direct agricultural advances:

(i) A loan granted for short duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons;

(ii) A loan granted for long duration crops will be treated as NPA, if the instalment of principal or interest thereon remains overdue for one crop season.

(b) and (c) In order to enable borrowers, particularly small borrowers/ farmers to access adequate credit from institutional sources, RBI as announced in its Annual Policy Statement for the year 2004-05, advised all scheduled commercial banks on 18th May, 2004 to waive margin/security requirements for agriculture loans up to Rs. 50,000/- and in case of agri-business and agri-clinics for loan up to Rs. 5,00,000..

Revival of pension facilities

718. SHRI KALRAJ MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have examined the question of revival of pension facilities of Government employees after 1st June, 2004; and